



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: December 4, 2019

MEMORANDUM TO: Shawn Utt, Town Manager
Town of Pulaski, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit for the Year Ended June 30, 2019

In planning and performing our audit of the financial statements of Town of Pulaski, Virginia for the year ended June 30, 2019, we considered the Town's internal control structure to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated December 6, 2019 on the financial statements of Town of Pulaski, Virginia. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Internal balances:

During our review of internal balances, it was noted that the amounts have not been updated for several years. We recommend that management review the due to/from amounts reported within the various funds and update as necessary based on same.

Tax Reconciliations and Abatements:

Testing over abatements revealed that one out of 25 tested abatements was applied to the wrong vehicle. While this has since been corrected by management, only abatements provided by the Commissioner of Revenue of Pulaski County should be processed. A review process should be implemented to ensure that the appropriate amounts are abated in accordance with information provided by the Commissioner.

In reviewing the tax assessments and levied amounts, we noted a difference in the tax relief for the elderly per the Commissioner of Revenue to the levied amounts. We recommend that a reconciliation be prepared by client and any differences be investigated before tax bills are generated, if time allows. Otherwise, amounts should be investigated and supplements and/or abatements should be applied, as applicable.

Review of Water and Sewer Billings:

Inquiries revealed that there is currently no review or reconciliation of bill summary totals to receivable totals as posted to the ledger. Further, it was noted that adjustments are provided by meter readers but there is no review of the posted adjustments in the system. We recommend that someone outside of the billing function review the summary batch totals and the adjustments for reasonableness/appropriateness for each billing.

Budgetary Information and Appropriations

Currently, there is not an adopted budget for the CDBG or UDAG funds which means that funds expended have not been appropriated for same. Per the Code of Virginia, sections 15.2-2506 and 58.1-3001 relating to appropriations, all funds should be appropriated prior to any expenditures are made. We recommend that management consult with the applicable code sections and ensure that all required budgets and appropriations are made going forward.